

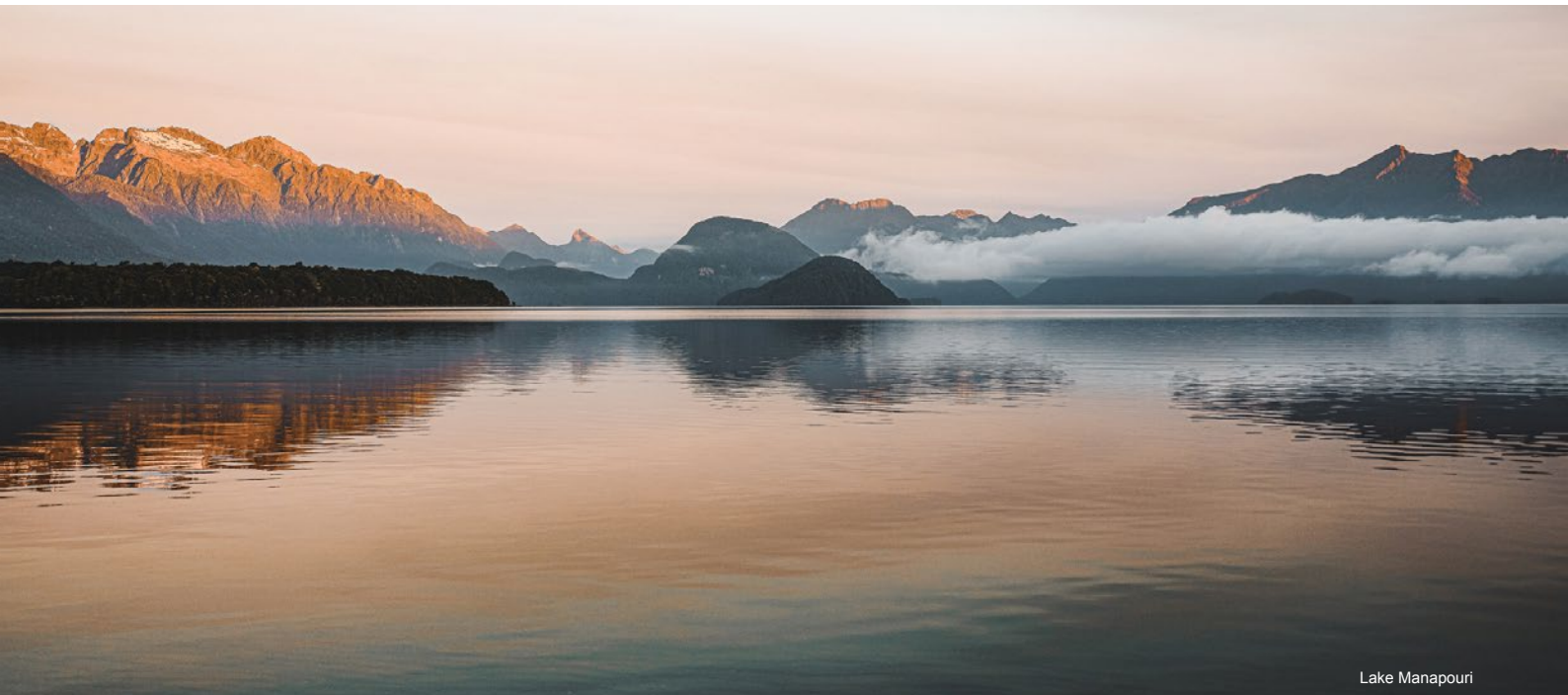
# Statement of Intent 2027–2029



 THE POWER COMPANY LTD

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Lake Manapouri

## 1. INTRODUCTION

**This Statement of Intent sets out the Board's overall intentions and objectives for The Power Company Limited (TPCL) and its group for the year ending 31 March 2027 and the two succeeding years.**

The Statement of Intent has been prepared in accordance with TPCL's Constitution and is a public statement of the activities and intentions of TPCL incorporating its subsidiaries, and associated entities. It sets out the nature and scope of activities intended to be undertaken, its objectives and key performance indicators by which TPCL's performance can be measured.

TPCL is a profit oriented limited liability company that was incorporated on 30 October 1990. It is owned by the customers connected to its network. The Southland Electric Power Supply Consumer Trust (SEPSCT) exercises ownership rights on behalf of these customers.

TPCL's Board is committed to ensuring the interests of the Trust's beneficiaries, the customers connected to TPCL's network, are met by providing effective governance, oversight and strategic direction for the Company.

The future involves delivering improvements in customer service, securing a sustainable cost base and deploying efficient new technologies.

The Statement of Intent indicates TPCL will continue its high focus on customer service, safety, reliability, efficiency and power quality, which is managed and delivered through the Business Plan.



## 2. CORPORATE OVERVIEW

### 2.1 The Power Company Limited

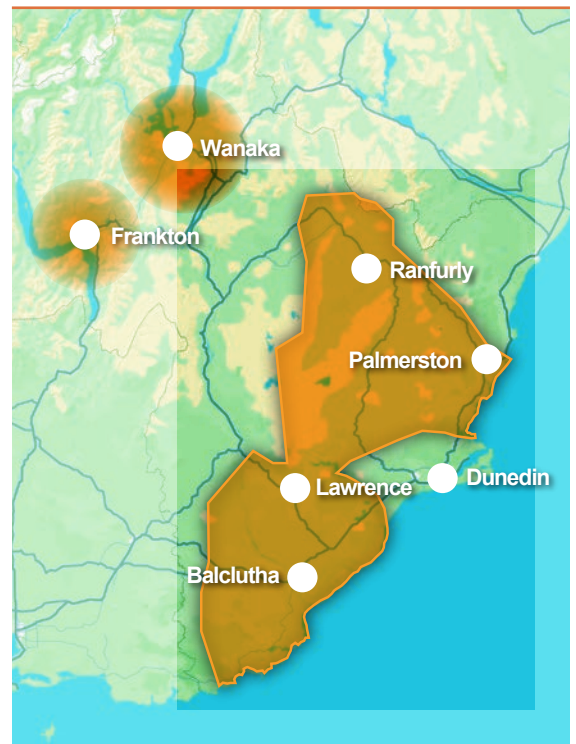
- Large, provincial electricity distribution network
- Owned by the customers connected to TPCL's network
- The Southland Electric Power Supply Consumer Trust (SEPSCT) exercise ownership rights on behalf of these customers
- Owner of the electricity distribution network and advanced metering assets in Southland and West Otago
- Low customer density per kilometre of line

### Electricity Network Areas

#### The Power Company Ltd



#### OtagoNet Ltd



### The Power Company Ltd - At a Glance

**110,702** 

Poles

**39** 

Substations

**11,486** 

Distribution transformers

**8,947 km** 

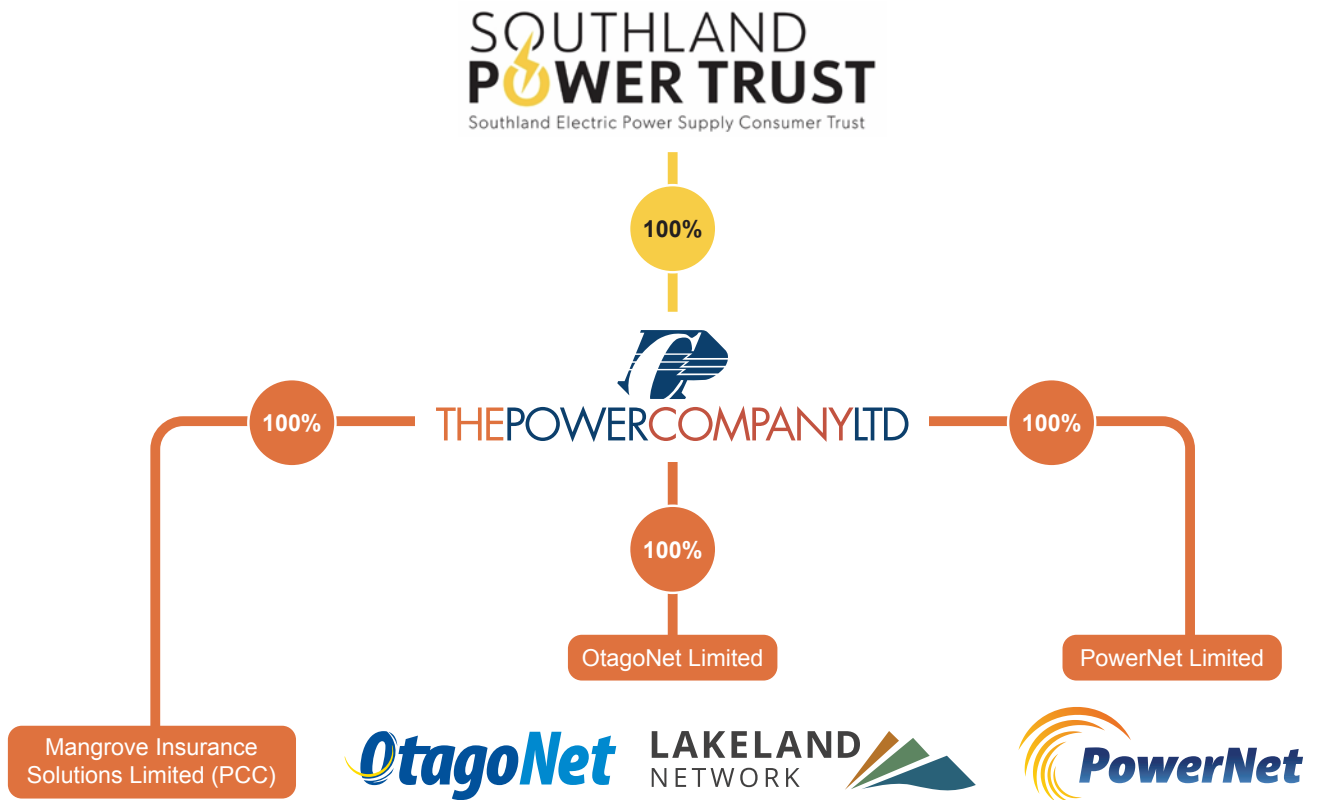
Of line and cable

**38,063** 

Consumer connections

## 2.2 Group Structure

The diagram below provides a summary of TPCL Group’s proposed investment structure.



### 2.3 Investment Diversification

Outside of TPCL core electricity distribution business, TPCL owns a number of other electricity sector businesses:

#### PowerNet Limited (PowerNet)

A 100% owned electricity distribution management company. It has long term network management agreements in place for TPCL, Electricity Invercargill Limited (EIL), Tainui Group Holdings Limited, OtagoNet Limited (ONL) and Lakeland Network electricity distribution networks. In addition, they identify, research and inform about other relevant energy investments for TPCL.

#### OtagoNet Limited

A 100% owned electricity distribution business in rural Otago covering Balclutha, Milton, Ranfurly and Palmerston.

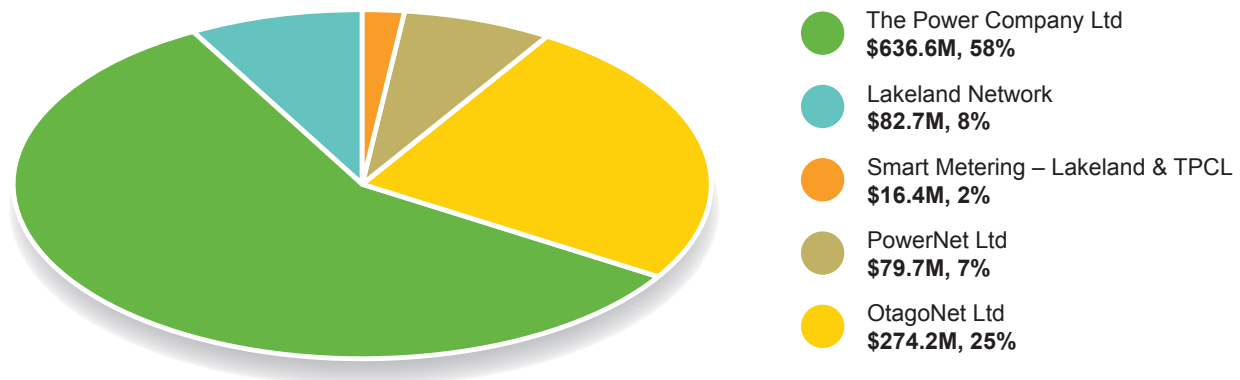
#### Lakeland Network

A 100% owned electricity distribution business with smart metering in Central Otago with customer connections in Queenstown, Frankton, Cromwell and Wanaka.

#### Smart Metering

Provision of smart meters on TPCL and Lakeland networks allows the Company to provide improved metering services to customers with additional network benefits such as improved information relating to network quality.

#### The Power Company Limited Group Investment Mix





### 3. INDUSTRY REGULATION

#### 3.1 Industry Regulation

##### Commerce Commission

Electricity Distribution Businesses (EDB) such as TPCL are natural monopolies and are therefore regulated under Part 4 of the Commerce Act. The Commerce Commission sets the regulatory framework for the sector through a set of rules known as Input Methodologies.

TPCL is one of 13 Trust owned EDBs that are not subject to full regulation. Instead, it operates under Information Disclosure requirements, which involve regulatory reporting and planning. Because TPCL's network is exempt from the Default-Price Quality Path (DPQP) regime it can make normal commercial decisions without being influenced by the regulatory (dis)incentives that apply under the DPQP.

However, TPCL's Group is subject to the DPQP regime through its investment in OtagoNet, which is one of the 15 fully regulated (non-exempt) EDBs.

The Commission has recently reset the price-quality paths for non-exempt EDBs effective from 1 April 2025. TPCL continues to advocate for regulatory settings that strike the right balance between network quality, customer service and incentives for investment. If the balance is set too far toward reducing allowable revenue, EDBs may face unsustainable funding levels, leading to reduced capital and maintenance investment and, ultimately, a decline in network reliability for customers.

Of TPCL's assets and investments 69% are held outside the fully regulated sector (only the OtagoNet investment and Lakeland investments are subject to price quality regulation). TPCL accordingly manages its debt profile under a treasury policy that reflects the areas of its asset investment. The hedging profile under the treasury policy results in TPCL having a more consistent and different cost of debt than that calculated by the Commission which is based on fluctuating five-year Government bond rates for a narrow three-month window prior to each regulatory period.

TPCL has engaged independent advisors to calculate its weighted average cost of capital (WACC) for EDB investments. Their assessment is based on TPCL's costs and their own view of the risk-free rate, debt premiums, debt issuance costs and the post tax market risk premium (PTMRP). These differ from the Commission's WACC estimates used for their 1 April 2025 reset.

TPCL's intention is to apply a WACC appropriate for its business, rather than one driven solely by the Commission's Input Methodologies.

PowerNet provides network management and field services to both TPCL and OtagoNet. Both TPCL and OtagoNet must comply with the verification requirements of the recently introduced Related Party Input Methodology, which governs transactions with related party entity PowerNet. Independent verification has been completed and provided to the Commerce Commission, with further verification required for the 2025/26 year.

##### Electricity Authority

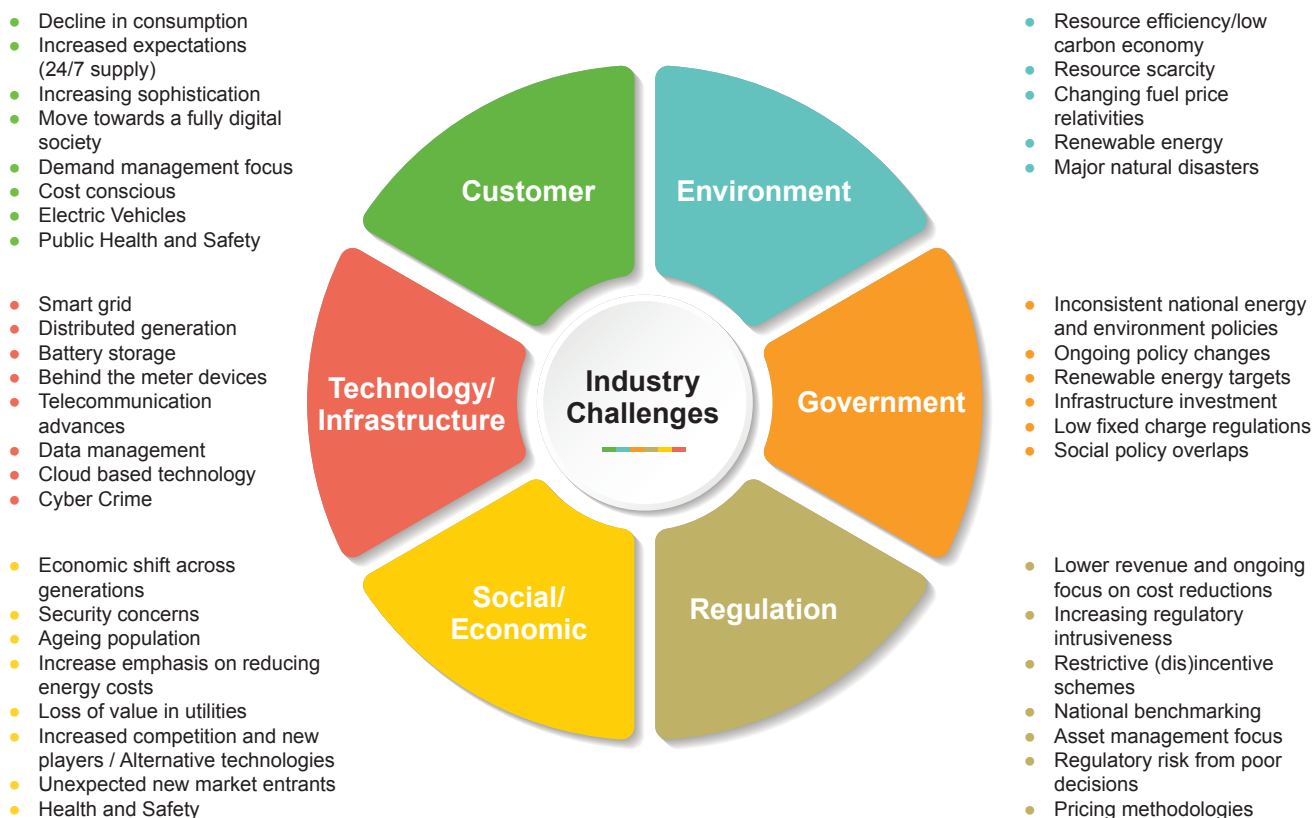
The Electricity Authority's statutory objective is to promote competition in, reliable supply by, and the efficient operation of, the electricity industry for the long-term benefit of customers. It continues to work on cost reflective distribution pricing.

The Government has approved the phasing out of the low fixed charge regulations over a five-year period. TPCL welcomed this change and has introduced a new line pricing methodology that includes more cost reflective time of use pricing signals to customers.

TPCL will continue to work with the Authority to achieve more equitable outcomes for the sector for the long-term benefit of customers.

### 3.2 Industry Challenges

TPCL continues to replace and upgrade assets, adding additional network capacity where there is a customer need. The use of current and emerging technology is also very important to these investment decisions and will become increasingly important.



### Electricity Consumption Trends

New Zealand, as a signatory to the Paris Agreement, continually reviews emissions and targets. As a result, in January 2026 the second emissions reduction plan (ERP2) came into effect, reflecting strategies and targets for emission reduction through to 2035. TPCL is continuing to see investment by industry in decarbonisation and electrification. The Group is well placed to meet this substantial change and is supportive of flexible pricing structures to support electrification.

A rapid improvement in energy efficiency whether in industrial processes or domestic demand, means a significant challenge for TPCL to anticipate what consumption dynamics might be, so network decisions are well founded. Towards this aim, data from the smart meters installed in TPCL network helps monitor consumption patterns and assess asset utilisation levels, which enables data-driven investment and operational decisions. Market research on technology trends, and analytic and visualisation tools are being developed for forecasting a range of future scenarios to support strategy and planning.

Customer centric solutions will be key to the quality and reliability of service the network delivers to the customers. Annual customer surveys performed by an independent professional research company provide feedback from a range of customers on performance, perception and uptake of new energy technologies.

TPCL conducted a Smart Energy Home project, in conjunction with PowerNet. The smart energy home is equipped with new energy technologies and information tools that aim to make living there more energy efficient including:

- Solar generation from PV panels, an inverter, battery storage, an electric vehicle and an electric vehicle charging station.
- The home is insulated, has LED lighting, heat pumps for space and water heating, and temperature and humidity sensors. A real time monitoring system is installed showing electricity generation and consumption patterns of the household and major appliances.
- There are six different variable tariffs across a day to incentivise energy usage during cheaper periods.

Through this project we have:

- Learnt about customer energy usage behaviour, technology performance, costs and benefits.
- Developed understanding of possible effect on the network business and assets of greater uptake and control of new energy technologies.
- Used the learnings to support, engage and inform customers, and develop appropriate technology connection standards for safety, reliability and efficiency.

The smart energy home has had different tenants to help TPCL develop understanding of changing customer behaviour, preferences, and energy usage patterns based on incentives and information.

### Revenue – Pricing

TPCL wants to ensure equitable charging amongst its customers. On 1 April 2022 Time-of-Use (TOU) pricing was implemented for the residential and general customer groups. This year as part of our pricing strategy we are increasing the price differential between the “peak” and “shoulder” periods to encourage customers to take advantage of the cheaper pricing periods and to help the network manage peak demands. In line with the pricing strategy the majority of the price increase will be recovered by increasing the fixed daily charges as more of our costs are of a fixed nature.

TPCL is in year five of the phasing out of the low fixed charge tariff Regulations that are being phased out over a five-year period by Government. The phase out will be completed by the end of FY2027.

The improved methodology will assist the Company, and customers meet the change in energy use, especially with decarbonisation and electrification.



## 4. STRATEGY

### 4.1 Core Business

To commercially manage all assets, business units, products and investments within and associated with the Electricity Distribution Sector as a successful business for the shareholders of TPCL.

### 4.2 Vision Statement

To be recognised as the leading consumer trust owned electricity sector company and an excellent corporate citizen.

### 4.3 Commercial Objectives

TPCL operates as a successful commercial business. We strive to be an efficient and effective operation. Capital management through continuous improvements within the electricity sector provides stakeholders with an appropriate balance of:

- Competitive pricing
- Leading public and workplace safety performance
- Customer service focus
- Sustainable social and environmental impacts
- Commercial return on investment based on the assessed cost of capital
- Maximising the Group value to shareholders

### 4.4 Company Objectives

- 4.4.1 Ensure workplace and public safety is paramount and that its network assets and operations do not present a safety risk to members of the public, their property, PowerNet staff and contractors.
- 4.4.2 Manage its operations in a progressive, prudent and commercial manner including maintaining an appropriate balance between network investment, price discounts and debt levels.
- 4.4.3 Achieve an efficient and effective operation within the electricity sector and provide its customers with competitive prices and optimised service by:
- Ensuring, through PowerNet, that sufficient resources are available to satisfy its service requirements.
  - Achieving a return for all its electricity distribution assets nearer to the Weighted Average Cost of Capital prior to customer discounts.
  - Ensure network reliability is improved over time, through targeted network reliability improvement initiatives.
- 4.4.4 Continuing to grow its commercial relationships.
- 4.4.5 Continuing to strengthen relationships with appropriate companies with a view to achieving economies of scale through strategic alliances or associations.
- 4.4.6 We will look at sector acquisition opportunities as they present themselves.
- 4.4.7 Pursuing network and non-network solutions in the best interests of shareholders and customers.
- 4.4.8 To provide the electrical infrastructure to support an electrification future and carbon zero economy through decarbonisation of industry, transportation and other sectors.
- 4.4.9 Reduce TPCL's impact on climate change by monitoring, benchmarking and reducing the production of greenhouse gasses with its business activities.

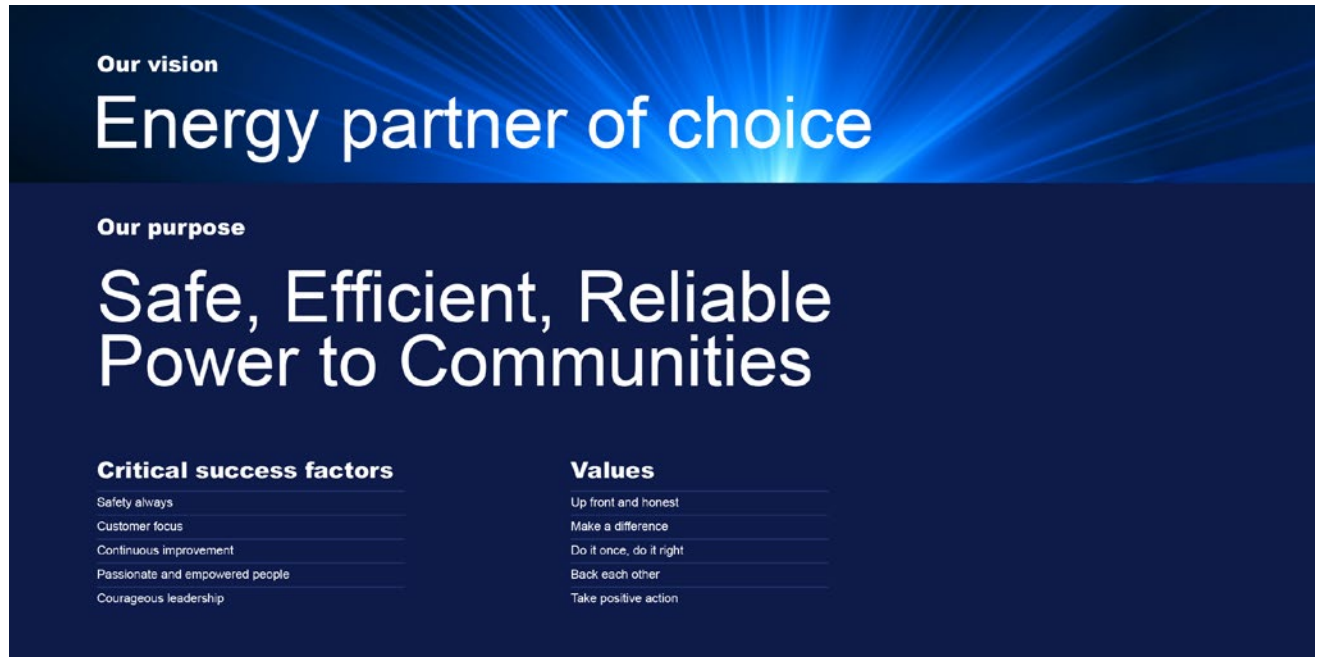


## 4.5 Deployment of Company Objectives

### PowerNet Company Purpose

TPCL contracts PowerNet to manage its business activities.

PowerNet is integral to TPCL's success, and therefore the PowerNet Shared Vision is relevant to TPCL.



**Our vision**  
**Energy partner of choice**

**Our purpose**  
**Safe, Efficient, Reliable  
Power to Communities**

<b>Critical success factors</b>	<b>Values</b>
Safety always	Up front and honest
Customer focus	Make a difference
Continuous improvement	Do it once, do it right
Passionate and empowered people	Back each other
Courageous leadership	Take positive action

### Safe, Efficient and Reliable

The Company endorses the same Safety Always Culture as PowerNet, and the promotion of a high standard of safety and workplace injury metrics.

Safe, efficient and reliable power to communities drives the Company's commitment to its customers.

TPCL continues to identify its customers' needs. The ability to respond to changing customer demands is essential to retain grid-connected customers in an ever-changing energy market.

The Company strives to create a lean and efficient organisation that delivers improved customer service, long term sustainability around network pricing and stable long-term returns to its shareholders.

The Company explores investments in a contemporary network that provides flexibility both in the home and in industry. It supports the integration of distributed energy resources without compromising grid security.

### Innovation

The Company continues its research into developing new products and services which complement the existing network and provide customers with greater choice and control.

Adapting the business where commercially viable to newer, smarter technologies, and encouraging and facilitating changing customer needs and requirements is essential.

For example, this includes but is not limited to:

- Remote Area Power Supply (RAPS)
- Electric Vehicles (EVs)
- Battery Storage
- Distributed Generation including Solar
- Peer to Peer trading
- Power Factor improvement forums

TPCL will run education forums for industrial customers to help inform the sector of the inefficiencies and costs of insufficient power factor correction with the goal to reduce customer costs, improve power quality and better utilise capacity on the network.

## Community

PowerNet undertakes the annual TPCL Group capital and maintenance programme, employing more than 300 staff across the Southland and Otago region with expenditure of over \$125 million. A significant portion of this expenditure is procured through local suppliers.

TPCL seeks community consultation and input through its annual asset management planning process.

TPCL supports the wider community as follows:

- Provides customers of TPCL network with a Price Discount excluding GST (2027: \$10.18m, 2028: \$11.05m, 2029: \$11.39m).
- Supports Southland Warm Homes Trust insulation and heating installations in the Southland and West Otago region.
- Through PowerNet's partnership with St John by funding mental health first aid training courses throughout our network areas, and funding well-being education programmes delivered through schools in our network areas.

## Customer Focus and Service

We aim to enhance customer engagement and service quality by:

- Streamlining connection application processes and reducing response and connection times, supported by reporting dashboards
- Participating in and coordinating regular public forums
- Consulting with large-capacity customers

These initiatives support the delivery of an efficient, knowledgeable, and customer focused service.

## Risk Management

TPCL, through PowerNet, has a comprehensive risk management framework in place and a corporate risk register, with mitigation plans and actions, for all business risks. The main area of particular focus and development at present is:

### Cyber Security

Cyber fraud training has been provided to the Board and all staff under the PowerNet Limited umbrella of companies, thereby minimising the risk of cyber-attack on TPCL's network.

Cyber fraud testing and training is ongoing within the business, including auditing, information technology, operational technology (eg SCADA) and risk management. Cyber tabletop exercises are run in conjunction with other New Zealand EDBs. Heightened controls around information technology and operational technology have resulted in increased security for the business. PowerNet has outsourced a 24x7 Security Operation Centre to proactively monitor the IT networks. Consultants have and continue to be engaged to undertake cyber fraud training within the Company. Other risk mitigation measures are also undertaken, including penetration testing and system segregation and firewalls.

### Resilience and Preparedness

Increasing volatility in weather patterns and vegetation encroachment on network assets is driving a greater need for resilience and preparedness in the planning and operation of the group's networks.

Applying lessons learned from recent weather events and continuously improving practices will strengthen resilience and preparedness for future events. Network design and the communication of reliable information are critical to maintaining network reliability and delivering a safe, efficient, and resilient service to customers and essential service providers.

TPCL is currently reviewing its tree-related policies to ensure compliance with legislation and to reduce the risk of future disruption caused by vegetation. These changes will assist TPCL to better manage high-risk trees that have the potential to damage lines and take out power to communities. TPCL will continue to advocate for more comprehensive changes to the tree regulations to minimise the damage to power lines by trees falling during severe weather events.

### Insurance Captive

TPCL intends to enter an insurance captive, providing self-insurance cover for their uninsured assets particularly its non-substation network assets. This intended insurance cover will have partial coverage for its non-substation electrical assets for TPCL's electricity distribution network, OtagoNet and Lakeland Network.

The captive will over time provide access to funds in a timely manner to rebuild and restore its network should a significant natural disaster or other event occur (i.e. damaging underground cables/overhead power lines and otherwise uninsured equipment), for the benefit of its customers.



Central Otago Touring Route. Photo: Hayden Parsons

### Amalgamation

Subject to legislative changes through Government and binding ruling approvals we are planning to amalgamate entities this financial year. This is to achieve simplification in our entities. The intention is for Last Tango Limited to amalgamate with Lakeland Network Limited and Pylon Limited. This results in the OtagoNet Joint Venture assets being 100% owned by Last Tango Limited.

Last Tango's name will be changed to OtagoNet Limited following amalgamation.

### Non-Financial

The Company will be a good corporate citizen. To this end, it will, inter alia, exhibit a sense of social responsibility and comply with, and where appropriate exceed, relevant environmental regulations.

In addition to meeting the requirements of the Asset Management Plan there will be increased and continued focus on seismic, flood and wind preparedness, and workplace and public safety improvements of the network assets and operations.

## 4.6 Responsibilities of the Board

Directors are to act in good faith, to comply with the Companies Act 1993 and the Constitution.

TPCL's Board of Directors has and may exercise all the powers necessary for directing and supervising the management of the business and affairs of TPCL, except to the extent that their constitution or the Companies Act 1993 expressly requires those powers to be exercised by the Shareholders or any other person.

The Company's Shareholders appoint the Directors to govern and direct the Company's activities. The Board and the Shareholders operate under a no surprises approach through effective communication.

The board is the overall and final body responsible for the proper direction and control of the company's activities and decision making. The board's responsibilities include areas of stewardship such as:

- establishes and oversees the company strategy
- commercial performance including customer service
- business plan and statement of intent preparation and approval
- line prices and methodologies
- asset management plans
- financial, discount and dividend policies
- company policies
- delegations of authority
- reports to shareholders
- compliance with applicable law
- stakeholder and external party relationships
- management oversight and development
- identifying and managing business risks and opportunities
- internal control systems
- integrity of management information systems
- leads and sets the health and safety policy

## 5. PERFORMANCE MEASURES

### 5.1 Financial

	FY2027	FY2028	FY2029
<b>EBIT% - Percentage Earnings Before Tax and Interest on Assets Employed</b>			
EBIT %	4.24%	4.30%	4.66%
EBIT % (excluding Discount)	4.84%	4.85%	5.15%
<b>NPAT% - Percentage Tax Paid Profit on Equity</b>			
NPAT %	3.43%	3.44%	3.86%
NPAT % (excluding Discount)	4.35%	4.40%	4.77%
<b>Gearing Ratio</b>			
% Gearing Ratio	42.95%	44.15%	43.54%
<b>Interest Cover Ratio (Times Covered)</b>			
Interest Cover Ratio	5.33	5.15	5.24

### 5.2 Supply Quality

#### SAIFI

The following forecasts are assessed figures i.e. they include an estimation of the likely reductions from notifications (planned), or storms and major events (unplanned) that result in reduced values compared to raw SAIDI and SAIFI.

<b>The Power Company Limited</b>			
	FY2027	FY2028	FY2029
Planned	0.71	0.71	0.71
Unplanned	2.69	2.68	2.67
<b>OtagoNet Limited and Lakeland Network</b>			
	FY2027	FY2028	FY2029
Planned	1.07	1.04	1.02
Unplanned	1.61	1.57	1.54

#### SAIFI

System Average Interruption Duration Index (the average total times in minutes each customer connected to the network is without supply).

<b>The Power Company Limited</b>			
	FY2027	FY2028	FY2029
Planned	101.50	102.10	102.70
Unplanned	151.90	151.20	150.40
<b>OtagoNet Limited and Lakeland Network</b>			
	FY2027	FY2028	FY2029
Planned	186.50	181.80	177.90
Unplanned	106.10	103.20	100.50

**THE COMMERCE COMMISSION SUPPLY QUALITY LIMITS ARE:**

**The Power Company Limited**

<b>SAIFI (unplanned)</b>	2.82 times
<b>SAIFI (planned<sup>1</sup>)</b>	3.65 times (5-year)
<b>SAIDI (unplanned)</b>	164.36 minutes
<b>SAIDI (planned<sup>2</sup>)</b>	780 minutes (5-year)

**OtagoNet Limited and Lakeland Network**

<b>SAIFI (unplanned)</b>	2.34 times
<b>SAIFI (planned<sup>3</sup>)</b>	9.2088 times (5-year)
<b>SAIDI (unplanned)</b>	168.37 minutes
<b>SAIDI (planned<sup>4</sup>)</b>	464.75 minutes (5-year)

### 5.3 Health & Safety

PowerNet is contracted to TPCL to manage operations. TPCL employ no staff. Therefore, the PowerNet Health and Safety Performance targets are relevant to TPCL.

	<b>FY2027</b>	<b>FY2028</b>	<b>FY2029</b>
Total Recordable Injury Frequency Rate – for PowerNet employees and contractors TRIFR	1.30	1.30	1.30

## 6. SHAREHOLDER INFORMATION

### 6.1 Proposed Distributions

**Dividend**

No dividend is intended to be paid in the next three years.

Interest payable by the company on a loan from Company's shareholder, the Southland Electric Power Supply Consumer Trust (SEPSCT), is offset at year end by the operating costs of SEPSCT.

### 6.2 Information to be reported

The Company will report on a six-month and annual basis, in the form set down by legislation. An audited Annual Report is required to be delivered to the Shareholder with the opportunity to assess the performance of the Company and the value of the investment.

Un-audited half-yearly accounts will include Statement of Comprehensive Income and Financial Position, together with such other supporting information, including a summary of the debt position, as may be required to enable an informed assessment of the Company's performance during the reporting period, as agreed between the Shareholder and the Directors.

In addition, a monthly Consolidated Summary report will be provided to the Shareholder showing the Financial Performance of the Group, Lines Interruptions Reports for the Company and any new or significant changes to critical risks.

Locational network performance information for the company will be reported to the Shareholder on a six-monthly basis.

Transactions with related parties primarily consist of network asset construction and maintenance, administration and management services.

All related party transactions are eliminated in the preparation of the Annual Financial Statements.

### 6.3 Acquisition Procedures

Except by a special resolution of shareholders the Company may not enter into a major transaction.

A major transaction includes the acquisition of, or an agreement to acquire assets, the value of which are more than 7.5% of the value of TPCL's assets before the acquisition.

<sup>1</sup> An annual Planned SAIFI Limit figure is shown for comparison with the forecasts, but Planned SAIFI is assessed at the end of the 5-year DPP4 period. The 5-year Planned SAIFI limit is 3.65

<sup>2</sup> An annual Planned SAIDI Limit figure is shown for comparison with the forecasts but Planned SAIDI is assessed at the end of the 5-year DPP4 period. The 5-year Planned SAIDI limit is 780

<sup>3</sup> An annual Planned SAIFI Limit figure is shown for comparison with the forecasts, but Planned SAIFI is assessed at the end of the 5-year DPP4 period. The 5-year Planned SAIFI limit is 9.2088

<sup>4</sup> An annual Planned SAIDI Limit figure is shown for comparison with the forecasts but Planned SAIDI is assessed at the end of the 5 year DPP4 period. The 5-year Planned SAIDI limit is 464.75

## 6.4 Board Estimate of the Value of Shareholder's Investment

The Directors estimate the commercial value of the shareholder's investment in the Group to be at least the value of shareholder's equity reported in TPCL's financial statements and Statement of Intent.

Each year as part of the financial reporting process the Board considers its investments for signs of impairment. Presently there are no signs of impairment, however this may be subject to future adverse consequences of any central government decision to place the company under the regulatory provisions of Part 4 of the Commerce Act.

## 6.5 Consumer Price Discount

Since 2001, the Company has provided a Price Discount to customers and strives to do this through efficiency improvements. The Price Discount is paid to retailers' conditional on the basis that it is passed onto the retailer's consumers, typically in or around September each year, when consumers tend to have higher power bills.

The Company has committed one year in advance to the paying of Price Discounts through the decision to post the Price Discount alongside line charges and expects to continue paying consumer Price Discounts, with the amount of the Price Discount for the period ending 31 July 2026 to be set based on the following principles (the amounts referred to exclude GST):

- a. The projected total Price Discount is \$10.2 million, although the total of the actual Price Discounts paid may differ from \$10.2 million as a result of rounding, and/or of certain connections being ineligible for the Price Discount although their usage is included in the total usage figures used in the calculations set out below.
- b. The total Price Discount is allocated to customer groups in proportion to the customer group's contribution to total distribution revenue (eg, if the distribution revenue from non-domestic customers and domestic customers was equal (ie, 50% of the overall total was contributed by each customer group) then 50% of the total Price Discount would be allocated to each customer group). The Price Discount for each customer is then calculated for each customer group as follows:
  - i. Non-domestic customers: the Price Discount for each non-domestic customer will be proportionate to that customer's contribution to total distribution revenue for the non-domestic customer group. Eg, if distribution revenue for a given non-domestic customer represents 1% of the total distribution revenue for all non-domestic customers, then that customer would be paid 1% of the total Price Discount allocated to non-domestic customers.
  - ii. Domestic customers: the Price Discount for each domestic customer will be proportionate to that customer's contribution to total distribution revenue for the domestic customer group but taking into account only the variable component of distribution revenue (i.e. the fixed component of distribution charges will not be taken into account).
- c. Price Discounts will be paid to customers in their first electricity bill they receive from their retailer on or after 31 August.
- d. The Company reserves the right not to pay any Price Discount in exceptional circumstances resulting in a significant fall in revenue or a significant increase in costs in the period to which the Price Discount relates or if the Company's financial circumstances are such that paying the Price Discount would be inconsistent with the Company's legal obligations. Exceptional circumstances could include circumstances such as natural disasters, law changes or significant changes in the demand for, or supply of, electricity. Since introducing Consumer Price Discounts in 2001, the Company has provided Price Discounts in all but one year.

The Price Discount paid to consumers through retailers in September 2025 was \$9.0 million. This resulted in residential customers receiving a credit of 1.83 cents per unit for their annual consumption. General customers receiving a credit for 1.07 cents per unit for their annual consumption and 11.5% of their fixed daily charge (August 24 – March 25) and 10.6% of their fixed daily charge (April 25 – July 25). Individually assessed consumers received a total of \$1.2 million.

The GST exclusive Price Discount range given per customer group is as follows:

- Residential \$0-\$1,042
- General \$37-\$6,220
- Individual \$211-\$110,265

The Residential minimum is nil, as we were advised by the Commerce Commission that the Low Fixed Charge Users must receive the same Price Discount as Standard Residential Users.

Consequently, the most equitable method was determined to be based on volume. This will be reviewed when the Low Fixed Charge is phased out in 2027.

In the absence of any exceptional circumstances, the Company expects to continue paying Consumer Price Discounts over the next three years. The Company expects that the Price Discount will continue to be based on the Company's Distribution Revenue (net of transmission costs payable to Transpower) and will be credited to customers based on usage. Ongoing assessment of the appropriate level of Price Discount is required.

The Company will, during the financial year, review the discount policy and principles.

## 6.6 Debt Management

TPCL's debt levels are managed taking into account financing covenants, the Group's profit, depreciation, capital expenditure, discounts to customers and new investment plans.

TPCL manages its refinancing risk through a range of maturity periods that include trading bank funding for a period of up to four years and United States Private Placements of up to twelve years.

TPCL's Group holds investments in different classes of assets. Of these, a particular class of assets require replacement of a significant portion of their value as they approach the end of their economic lives. These classes of assets are advanced meter asset types. TPCL recognises that where these classes of assets have been acquired via debt funding, a prudent approach is to repay the associated debt as the economic value of the asset diminishes throughout its life.

The company reviews its Treasury and Debt Management Policy and meets six monthly to present to the Trustees a summary of the Debt position versus the policy.

## 7. STATEMENT OF ACCOUNTING POLICIES

### 7.1 Accounting Policies

#### General Accounting Policies

The Group's accounting policies comply with the legal requirements of the Companies Act 1993 and the Financial Reporting Act 2013 and are consistent with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as applicable for profit oriented entities.

The Company is eligible and has elected to report in accordance with Tier 2 for profit accounting standards, NZ IFRS Reduced Disclosure Regime on the basis it has no public accountability and is not a large for profit public sector entity.

NZ IFRS standards are subject to change and therefore the Company's accounting policies are also subject to change during the period of the Statement of Intent.

#### Specific Accounting Policies

The specific accounting policies, which materially affect the measurement of financial performance and financial position, are fully listed in the Company's annual report.



Gore Santa Parade. Photo: Great South

